

MINUTES

BOARD/COMMISSION: Recreation

DATE: October 21, 2009

MEETING: Regular

CALLED TO ORDER: 7:32 p.m.

QUORUM: Yes

ADJOURNED: 9:47 p.m.

MEMBER ATTENDANCE:

PRESENT: Chairman Girsch,
Commissioners
Rosley, Dwyer,
Cavanagh, Forman,
Gallagher
Recreation Director Pekarek

ABSENT: Commissioner Power

ALSO PRESENT:

Trustee Liaison Cooper
Recording Secretary Kornblith

LOCATION: Glen Ellyn Civic Center

I. CALL TO ORDER

Chairman Girsch called the meeting to order at 7:32 p.m.

II. APPROVAL OF MINUTES

Commissioner Dwyer moved to approve the minutes of September 16, 2009 seconded by Commissioner Rosley. Motion carried.

III. STANDING REPORTS

A. MANAGER REPORT

Recreation Director Pekarek reported September was a good month for golf. He added that the calendar was set up well with Labor Day being September 7 this year. The first two weeks in September were very good, with no rain for the first 20 days. The last two weeks of September declined, but sales were up in every area. He added that the beginning of Fall Fest began one week earlier than in the past with a series of promotions to boost golf sales. This decision was made due to weakened demand in 2009.

For the month of October, revenues are down 40% due to bad weather. The first week of October revenues were down 30%, second week of October revenues were down 70% and third week of October revenues were down 30%.

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He informed the Commission that aerating tees and spiking fairways began in late September. He stressed the importance of the cultivation practice which results in improved course conditions. The Village Links have a great program that accomplishes the necessary aeration, notifies customers in advance, discounts green fees, and minimizes golfer inconveniences. The program is communicated to patrons through newsletters and on the Village Links website. He stated that greens aeration in October hurts 18 hole play significantly, but the combination of timing and customer notification is probably the best they can expect. A 25% discount on green fees was extended during this time period and was posted on the website.

He added that golf school is over and although the high schools keep the 9-hole course busy, it generates little revenue.

Recreation Director Pekarek announced Mike Ludwig was promoted to Assistant Golf Course Superintendent. His development has been important since the full time grounds staff dropped from eight to three individuals in 2007. He added that Mike Ludwig has worked with the Village Links since 1983 and full time since 1988. In the last two years he has been overseeing and controlling mechanical operations with little supervision. He has also been a role in the training of seasonal employees. Recreation Director Pekarek added that they will be exposing Mr. Ludwig in other areas of the Village Links and he is currently the key person when the golf course superintendent is out of town.

Questions from the Commission:

Commissioner Dwyer questioned where the Village Links revenues were headed for at this time of the year. Recreation Director Pekarek stated at the end of August play was down 7%. A good September left rounds played down 3%, but a poor October will leave play down about 7%. Revenues will be down about 9% for the year. He also added that an average October generates revenues of \$250,000, approximately \$8,000 per day. Current results for October are \$112,000 for the month, which is not even half way to the goal.

Commissioner Rosley questioned how many full time staff are employed in the Pro Shop. Recreation Director Pekarek stated that there are 3 full time year round employees. There are a total of eight full-time year round employees at Village Links: 1 general manager, 3 in grounds, 3 in golf, and 1 in food service. The full-time staff receive a salary plus full benefits. The part-time/seasonal staff are paid an hourly wage and receive limited benefits.

Commissioner Rosley questioned if the new Point-of-Sale System being researched will allow acceptance of credit cards at the Halfway House and Beverage Cart. Recreation Director Pekarek stated that the Village Links expects that a new system will provide many improvements to both customer service and operating efficiency. He indicated that the specific improvements cannot be identified until a new

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system is selected. He expects to replace the existing system rather than upgrade the existing system that has been in use since 1997.

B. FINANCIAL REPORT

Commissioner Rosley had nothing to report at this time. He asked the Commission for any questions.

No questions from the Commission.

C. TRUSTEE REPORT

Trustee Liaison Peter Cooper informed the Commission that it has been a very active time in the Village with some financial pressures. Income tax from the state is down 10%. He informed the Commission that the Glen Ellyn Public Library is seeking a levy for approximately \$3 million dollars for construction deficiencies in the library's facility which includes mold, rust and roofing issues. The library does not have a maintenance reserve to cover these costs. Detailed information is available on the Village Library's website.

He informed the Commission about the Downtown Strategic Plan that has been developed after nearly two years of input and discussion. A vote to accept the final plan will be held next Monday, October 26, 2009 at the Village Board meeting. The plan will feature more residential units, traffic planning and additional green spaces for public gatherings.

He ended his remarks by mentioning one item pertaining to the Village Links that was mentioned in the Village Audit for 2008-09. The auditor mentioned in their management letter to the Village that cost of goods had risen from 69% in FY 2007-08 to 96% in FY 2008-09. This was mentioned as a concern because it could reflect unsold inventory at the end of the year, or it could be the result of shrinkage or other inventory loss.

There were no questions from Commission on the report.

IV. 2010 USER FEES

Director Pekarek informed Commission an annual survey is conducted of base green fees charged at the 240 public golf courses in the metropolitan Chicago area. He stated the Village Links fees for 18-holes weekend/weekday are \$59/\$54; with 9-holes at \$24/\$19. He added this puts the Village Links among the top 10% most expensive public golf courses, but residences save about 40% off of those fees.

He stated that normally sales are projected for the entire calendar year based on actual sales on September 30, but with the weather being so severe over the first two weeks of October, 2009, the usual forecast system was revised.

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He indicated that one thing was different this year was that weekend play held up better than weekday play. The reason for this could possibly be golfers felt pressure to spend more time at work and had to squeeze their golf in on the weekends. Weekday play was down, especially on the 18-hole course. This hurt the Village Links significantly, because revenues generated in this time slot, more than any other, allow us to provide deep discounts to residents. 18-hole weekday nonresident fees were down 17%. Overall, 9-hole revenue is up, with 18-hole revenue down.

After much review, the Village Links proposed to leave all green fees unchanged. Motor carts are proposed to increase \$1 per person with a few new fees and policy changes proposed. He then referred to the handout presented to each Committee member with various green fee models. This model shows estimated sales for the 2009 calendar year, predicated on actual sales through September 30, 2009. He stated that Model #6 is recommended by staff.

Recreation Director Pekarek gave a brief overview of the Proposed 2010 User Fees for the Recreation Department as set forth in the memorandum dated October 15, 2009. He stated that the following new fees and policy changes are recommended.

- **Over 60/Under 21 Weekday Special 18**
This would apply to anyone age 60 and older and age 21 and younger, Monday-Thursday before 10:00 AM-\$35.00. Play has declined in this time slot; therefore this would compete with courses offering a “Senior Special”.
- **Under 21 Special Weekend 18**
This would apply to anyone age 21 & younger-weekends after 3:00 p.m. would be \$15.00. This is purely a public relations promotional fee intended to promote junior and family golf at a slow time of the day.
- **Spring Special**
This was previously discussed with the Recreation Committee in August. This is unlimited golf in April and half priced weekday golf in May for a flat fee of \$175.00. This is intended to generate traffic at a time of year that is increasingly slow and to attract golfers who do play at that time of the day to the Village Links. He added that this is a low risk due to the lack of weekday play in April and May.
- **Policy on Junior Playing Times**
Junior fees would apply on Wednesday and not on Fridays. This weekend junior time limit would be after 3:00 p.m. with very minimal financial impact.
- **Policy on Junior Age Limit**
Juniors would be through age 21 (the current age is through age 18). This too would be with minimal financial impact.
- **Policy on Groups and Outings**
The staff proposes to aggressively seek and market groups and outings into time slots that would increase revenue while minimizing conflicts with existing customers. Price would be negotiated to maximize revenue in a given time slot. Groups and outings would intrude on some resident play, but most resident rounds would not be impacted. He stated that this effort would be modified over time, depending on market feedback and resident reaction. Some aspects of this effort would be a

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significant departure from past practice. One example would be the course may close for a shotgun start outing on slow days.

Commission Deliberation.

- Commissioner Rosley stated that he disagrees with offering senior discounts. He feels that seniors and other resident adults should all pay the same fee regardless of age. For this reason, he also disagrees with the proposed Over 60 Weekday Special 18. He also disagrees with having that discounted rate be lower than the Weekday Resident rate. He questioned if carts be mandatory?
- Director Pekarek stated that the motivation behind this proposal was to generate approximately 3,000 rounds at \$50 per round for green fees and cart fees. Carts would be optional, although many golfers ride carts. This was just a starting point and may need to be adjusted. Adjustments might need to be made to the age limit, time of day limit, or price.
- Commissioner Gallagher suggested removing any age limit suggested something to the affect of using a title such as “The Village Links Stimulus Package” Director Pekarek fears that removing the age limit might increase volume, but not revenue. With this approach, the Village Links would be trading dollars with more wear and tear on golf course and more congestion for customers.
- Commissioner Forman stated stated that he liked this idea, but why stop the time at 10:00 a.m.? He suggested that the Commission should concentrate on a new rate instead.

Open discussion regarding various amendments to the Proposed 2010 User Fees.

Director Pekarek stated to the commission that taking all of these factors in consideration we must propose a coordinated rate structure to succeed. He also stated that while resident rates apply to the 27,000 people in Glen Ellyn, it is more difficult to project how rates will be accepted by the 8 million nonresidents in the area. The goal is to conservatively ease into a new rate, so that adjustments can be made if needed. We do not want to confuse our current customers.

Commissioner Forman questioned the impact of reducing the Permanent Pre-Payment Requirement from 12 green fees to 6 green fees. Director Pekarek said that there was nothing to indicate that this change hurt play, but that individual play patterns were not studied.

Commissioner Cavanagh questioned what would happen if nothing was updated or changed with the current fee schedule. Director Pekarek replied that revenues have been flat or declining for several years and that, in general, revenues need to grow to keep up with inflation. He stated in the big picture that the Recreation Department is in good shape financially. Profits from 2007 and 2008 allowed some replacement of capital items that had been deferred. 2009 profits will not be large enough to cover all of the \$340,000 annual debt

service. The department has healthy cash reserves, but in the long run, those reserves will run out if profitability does not improve.

Open Discussion Regarding Groups and Outings and other topic regarding the Proposed 2010 User Fees

Commissioner Rosley questioned if the Commission would be open to idea of getting more use out of the facility. Director Pekarek stated that staff is constantly evaluating new profit ideas, but that in recent years most ideas have been unprofitable or unfeasible. Staff remains open to all suggestions.

In regards to group outings, Commissioner Rosley questioned if there would be any impact on the existing customers. Director Pekarek noted that the goal would be limit the negative impact of group outings on our existing customers. The idea was to boost revenues without displacing too many existing green fee rounds. Chairman Girsch added that the Village Links would benefit from this and that green fees could be modified in the future.

Chairman Girsch asked for any questions from the Committee on Green Fees or questions on the Models. She added that there was a lot of thought into this proposed plan and that Recreation Director Pekarek performed the best to his ability to answer all questions. Lastly, she stressed that these were proposals and that no proposal is perfect and can be modified, but the Commission will not know how well it works, unless it has been implemented.

Motion:

Chairman Girsch moved to approve the Proposed 2010 Fee Schedule as projected in Model #6 .

The motion was seconded by Commissioner Cavanagh and carried with five (5) “yes” and (1) “no” votes. Votes as follows: Commissioners Dwyer, Cavanagh, Forman, Gallagher, and Chairman Girsch voted “yes”. Commissioner Rosley voted “no.”

Recreation Director Pekarek stated the proposal will be considered at the Village Board on November 9, 2009.

VI. ANNOUNCEMENTS AND OTHER BUSINESS

Recreation Director Pekarek presented each member of the Commission a handout dated October 20, 2009 regarding: National Study on Public Golf, which states the financial health of the nation’s public golf operations.

Chairman Girsch announced next meeting to be scheduled Tuesday, November 17, 2009. She noted the change from Wednesday to Tuesday due to scheduling.

VII. ADJOURNMENT

Commissioner Dwyer moved to adjourn the meeting at 9:47 p.m., seconded by Commissioner Forman.

Submitted by: Tina Kornblith

Reviewed and edited by Matt Pekarek, Recreation Director October 26, 2009

Approved by the Recreation Commission November 17, 2009